

## SENATE BILL No. 30

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### DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 27-1-3-33; IC 27-8-28; IC 27-13.

**Synopsis:** Accident and sickness insurance claim denials. Requires the department of insurance to develop, post, and maintain on the department's Internet web site information concerning internal and external grievances for accident and sickness insurance policies and health maintenance organization contracts. Requires certain information to be provided by accident and sickness insurers and health maintenance organizations to each insured and covered individual when an accident and sickness policy or a health maintenance organization contract is issued or renewed, or a claim for services is denied. Requires insurers and health maintenance organizations to file quarterly reports with the commissioner of insurance on the number of denied claims during the quarter. (The introduced version of this bill was prepared by the interim study committee on public health, behavioral health, and human services).

**Effective:** July 1, 2016.

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**Miller Patricia**

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January 5, 2016, read first time and referred to Committee on Health & Provider Services.

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Second Regular Session 119th General Assembly (2016)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2015 Regular Session of the General Assembly.

## SENATE BILL No. 30

A BILL FOR AN ACT to amend the Indiana Code concerning insurance.

*Be it enacted by the General Assembly of the State of Indiana:*

- 1 SECTION 1. IC 27-1-3-33 IS ADDED TO THE INDIANA CODE  
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
3 1, 2016]: **Sec. 33. The department shall develop, post, and maintain**  
4 **on the department's Internet web site information concerning the**  
5 **internal and external grievance procedures for accident and**  
6 **sickness insurance policies and health maintenance organization**  
7 **contracts. The department shall include on the web site:**  
8 (1) **information concerning the process that a consumer**  
9 **should follow in filing an internal grievance or an external**  
10 **grievance; and**  
11 (2) **a telephone number for the department where consumers**  
12 **may call to obtain additional information.**  
13 SECTION 2. IC 27-8-28-13 IS AMENDED TO READ AS  
14 FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 13. (a) An insurer shall  
15 provide **upon policy issuance, at each policy renewal, and with any**  
16 **notice of denial of a claim**, timely, adequate, and appropriate notice  
17 to each insured **and covered individual** of:



- (1) the grievance procedure required under this chapter;
- (2) the external grievance procedure required under IC 27-8-29;
- (3) information on how to file:
  - (A) a grievance under this chapter; and
  - (B) a request for an external grievance review under IC 27-8-29; ~~and~~
- (4) a toll free telephone number through which a covered individual may contact the insurer at no cost to the covered individual to obtain information and to file grievances; **and**
- (5) the address for the Internet web site established by the department under IC 27-1-3-33.**

(b) An insurer shall prominently display on all notices to covered individuals the toll free telephone number and the address at which a grievance or request for external grievance review may be filed.

SECTION 3. IC 27-8-28-19 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 19. (a) An insurer shall each year file with the commissioner a description of the grievance procedure of the insurer established under this chapter, including:

- (1) the total number of grievances handled through the procedure during the preceding calendar year;
- (2) a compilation of the causes underlying those grievances; and
- (3) a summary of the final disposition of those grievances.

(b) The information required by subsection (a) must be filed with the commissioner on or before March 1 of each year. The commissioner shall:

- (1) make the information required to be filed under this section available to the public; and
- (2) prepare an annual compilation of the data required under subsection (a) that allows for comparative analysis.

**(c) As used in this subsection, "denial" includes any denial of claimed services described in this subsection, even if the claim for services is subsequently withdrawn. On a quarterly basis, the insurer shall file with the commissioner the number of claimed services during the quarterly period that the insurer denied because the insurer determined that the claimed service was:**

- (1) investigational;**
- (2) experimental;**
- (3) not medically necessary; or**
- (4) denied for a reason similar to the reasons described in subdivisions (1) through (3).**

**The commissioner shall establish a procedure for the insurer to follow in the filing of documents required by this subsection.**



(e) (d) The commissioner may require any additional reports as are necessary and appropriate for the commissioner to carry out the commissioner's duties under this article.

SECTION 4. IC 27-13-8-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 2. (a) In addition to the report required by section 1 of this chapter, a health maintenance organization shall each year file with the commissioner the following:

(1) Audited financial statements of the health maintenance organization for the preceding calendar year prepared in conformity with statutory accounting practices prescribed or otherwise permitted by the department.

(2) A list of participating providers who provide health care services to enrollees or subscribers of the health maintenance organization.

(3) A description of the grievance procedure of the health maintenance organization:

(A) established under IC 27-13-10, including:

(i) the total number of grievances handled through the procedure during the preceding calendar year;

(ii) a compilation of the causes underlying those grievances; and

(iii) a summary of the final disposition of those grievances; and

(B) established under IC 27-13-10.1, including:

(i) the total number of external grievances handled through the procedure during the preceding calendar year;

(ii) a compilation of the causes underlying those grievances; and

(iii) a summary of the final disposition of those grievances; for each independent review organization used by the health maintenance organization during the reporting year.

(4) The percentage of providers credentialed by the health maintenance organization according to the most current standards or guidelines, if any, developed by the National Committee on Quality Assurance or a successor organization.

(5) The RBC report required under IC 27-1-36-25.

(6) The health maintenance organization's Health Plan Employer Data and Information Set (HEDIS) data.

(b) The information required by subsection (a)(2) through (a)(5) must be filed with the commissioner on or before March 1 of each year. The audited financial statements required by subsection (a)(1) must be filed with the commissioner on or before June 1 of each year. The



health maintenance organization's HEDIS data required by subsection (a)(6) must be filed with the commissioner on or before July 1 of each year. The commissioner shall:

(1) make the information required to be filed under this section available to the public; and

(2) prepare an annual compilation of the data required under ~~subsections~~ **subsection** (a)(3), (a)(4), and (a)(6) that allows for comparative analysis.

(c) Upon a determination by a health maintenance organization's auditor that the health maintenance organization:

(1) does not meet the requirements of IC 27-13-12-3; or

(2) is in the condition described in IC 27-13-24-1(a)(5);

the health maintenance organization shall notify the commissioner within five (5) business days after the auditor's determination.

**(d) As used in this subsection, "denial" includes any denial of claimed services described in this subsection, even if the claim for services is subsequently withdrawn. On a quarterly basis, the health maintenance organization shall file with the commissioner the number of claimed services during the quarterly period that the health maintenance organization denied because the health maintenance organization determined that the claimed service was:**

**(1) investigational;**

**(2) experimental;**

**(3) not medically necessary; or**

**(4) denied for a reason similar to the reasons described in subdivisions (1) through (3).**

**The commissioner shall establish a procedure for the health maintenance organization to follow in the filing of documents required by this subsection.**

~~(d)~~ (e) The commissioner may require any additional reports as are necessary and appropriate for the commissioner to carry out the commissioner's duties under this article.

SECTION 5. IC 27-13-10-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 4. (a) A health maintenance organization shall provide **upon contract issuance, at each contract renewal, and with any notice of denial of a claim,** timely, adequate, and appropriate notice to each enrollee or subscriber of:

**(1) the grievance procedure under this chapter and IC 27-13-10.1;**

**(2) information on how to file:**

**(A) a grievance under this chapter; and**



- 1           **(B) a request for an external grievance review under**  
2           **IC 27-13-10.1; and**  
3           **(3) the address for the Internet web site established by the**  
4           **department under IC 27-1-3-33.**  
5           (b) A health maintenance organization shall prominently display on  
6           all notices to enrollees and subscribers the telephone number and  
7           address at which a grievance may be filed.  
8           (c) A written description of the enrollee's or subscriber's right to file  
9           a grievance must be posted by the provider in a conspicuous public  
10          location in each facility that offers services on behalf of a health  
11          maintenance organization.

